



**FY 2007-08 BUDGET PRESENTATION**

**AGENCY REQUESTS  
PUBLIC HIGHER EDUCATION REQUESTS**

**HOUSE WAYS AND MEANS  
HIGHER EDUCATION, TECHNICAL, & CULTURAL  
BUDGET SUBCOMMITTEE**

**Representative Harry B. “Chip” Limehouse, III, Chairman**

**Representative Lanny F. Littlejohn**

**Representative James H. Merrill**

**Representative Denny Woodall Neilson**

**January 16, 2007**

## Commission on Higher Education

### Agency Budget Requests for FY 2007-08

The Commission's agency budget request priorities for FY 2007-2008 represent, in part, how the Commission plans to address some of the important issues facing the higher education community in South Carolina. These priorities are part of the Commission's continuing efforts to align available resources to our stated goals and objectives. The requests below represent a 2.4% increase in CHE total general fund appropriations in FY 2006-07.

#### Requested Increase

##### *Requests for CHE Core Mission Functions*

Technology Funds for CHE	\$130,000
Academic Program Review	\$324,000

##### *Requests for Other Statewide Higher Education Initiatives*

EEDA Technology Initiatives	\$275,000
GEAR-UP	\$600,000 <sup>1</sup>
Access and Equity Competitive Grants	\$400,000 <sup>2</sup>
SREB Dues Increase	\$527,250

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<b>Subtotal</b>	<b>\$2,256,250</b>
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<sup>1</sup> Funding request continues program funds at the same level as in FY 2006-07 in which \$1,200,000 with \$600,000 in recurring and \$600,000 in non-recurring was provided to ensure the required state match is met for this federal program.

<sup>2</sup> In concert with this funding request, CHE requests a proviso directing any new funds for the Access & Equity program to be allocated through a competitive grants program. CHE plans to orient this program to assist in efforts to increase minority and underrepresented populations in nursing and health care.

## Public Higher Education Institutions

### Budget Request Fiscal Year 2007-08

<b><u>Program Name</u></b>	<b><u>Requested Increase</u></b>
Funding of Institutions' Operating Needs	\$45,000,000
Annualization of non-recurring FY 2006-07 Operating Funds (See Attachment 1)	\$30,517,840
Statewide Higher Education Electronic Library (See Attachment 2)	\$2,000,000
* Lottery Funding, includes continuation of higher education funding and increases of \$10,000,000 for Need-based Grants and \$1,500,000 for Teaching Scholarship Grants (See Attachments 2 & 3)	\$241,900,000
SC Light Rail	<i>nonrecurring</i> , \$4,500,000
SC Manufacturing Extension Partnership	\$1,200,000
University Center of Greenville Operating Funds	\$1,123,000
University Center, Greenville Tech Debt Service	\$646,172
Experimental Program to Stimulate Competitive Research (EPSCoR)	\$1,057,464
Institutional Special (Below-the-Line) Items (See Attachment 4)	\$4,840,509
<b><u>Capital Requests</u></b>	<b><u>Capital Funds</u></b>
33 projects, ranking of the first priority projects of each institution (See Attachment 5)	\$406,712,263

## **ATTACHMENTS**

Attachment 1 .....	Operating Funding for Higher Education
Attachment 2 .....	Statewide Electronic Library
	Need-based Grants
Attachment 3 .....	SC Lottery Funding for Higher Education
Attachment 4 .....	Institutional Special (Below-the-Line) Items
Attachment 5 .....	Statewide Ranking of Capital Requests

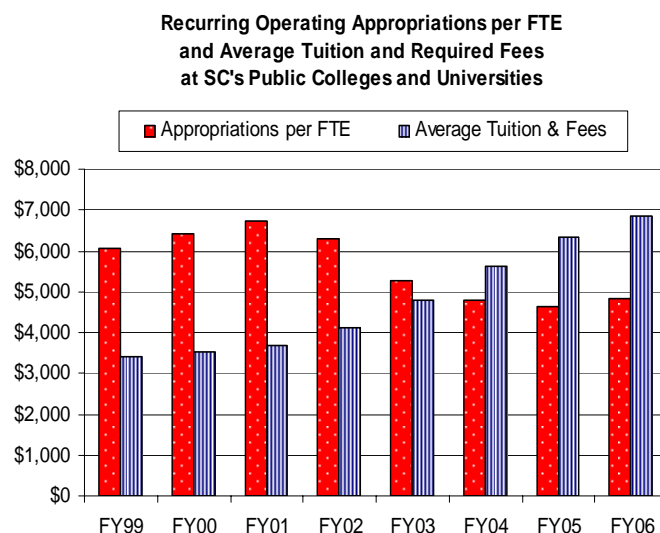
## Operating Funding for Higher Education

Higher Education's greatest need is for increases in operating funds to pay for full-time faculty and to reduce dependency on tuition and fees to replace state operating appropriations. As a related issue, there is growing concern regarding inequity in state funding across institutions that evolved unrelated to institutional performance.

State funding for the operation of public colleges and universities (i.e., recurring base funding) declined from \$781 million in FY 2000-01 to a low of \$606 million in FY 2003-04 – that represents a 22% decline in just three years.

*A recent national report indicated SC experienced the single largest decline at 27% in state funding for higher education during the 2000 recession.*

In FY 2006-07, higher education operating funding at just over \$688 million still remains \$92.6 million below FY 2000-01 funding levels. Recent increases are largely attributable to pay and health plan increases provided by the state.



Since FY 2000-01, enrollment continues to increase as does the cost of goods and services which places greater pressure on institutional operating funding. Full-time equivalent (FTE) enrollment in public institutions grew by 17% from fall 2001 to fall 2005.

If South Carolina had been able to keep pace with inflationary increases for higher education since FY 2000-01, our higher education operating appropriations today would stand at \$998 million or \$309 million (28%) higher than current appropriations.

CHE is advocating for **\$45 million in educational and general recurring operating funding** across our public colleges and universities for FY 2007-08. The requested increase of 6.5% represents the higher education price index (HEPI) in 2006 of 5% plus 1.5%.

CHE also supports **annualizing \$30,517,840 in one-time FY 2006-07 funding** received for on-going operating activities.

The requested funds will help mitigate the need for further tuition increases and will enable a portion of the current inequities to be addressed provided institutions continue to maintain acceptable performance levels.

**STATEWIDE ELECTRONIC LIBRARY.....CONTINUATION OF \$2,000,000**

The statewide higher education electronic library has received a non-recurring appropriation of \$2 million in each of the three most recent fiscal years. CHE, along with higher education, requests continued **recurring** support.

This important statewide project is a cooperative and collaborative effort among our state's 58 public and private higher education libraries. It allows central purchasing and licensing of essential electronic academic journals and related databases - an effective and efficient way to equalize access to new resources statewide and level the playing field for smaller higher education institutions, while helping larger institutions fill research gaps by expanding access in core undergraduate areas. The project also enables extremely cost-effective collection sharing by connecting our public and private higher education libraries and the State Library in a catalog and delivery system.

**NEED-BASED GRANTS ..... REQUESTED INCREASE OF \$10,000,000**

Financial barriers often keep many qualified students from enrolling in higher education. Investing in our state's neediest students helps those capable of earning degrees, but lacking necessary financial resources. Our state as a whole benefits as increasing educational levels assists in increasing in per capita income and our state's competitiveness in the global economy.

Current funds are not sufficient to reach all eligible students or provide maximum allowable awards. In 2005-06, there were 15,282 awards at public institutions with an average award of \$1,158 and 11,904 awards averaging \$358 at independent institutions. Based on the number of awards in 2005-06, the requested increase translates on average to increases of \$524 per award at public institutions and \$168 at independent institutions.

Need-Based Grants was the only undergraduate scholarship/grant program not receiving increased funding in FY 2006-07. The imbalance in merit-based and need-based student aid is growing. Need-based grant appropriations represent only 9% of state scholarships/grants funds at public institutions. Factoring in Tuition Grants for independent institutions, the state's need-based programs make up only 18% of state-funded undergraduate student aid.

Over the most recent five years, funding for merit-based programs (Palmetto Fellows, LIFE, and HOPE) has grown from \$67 million to \$166 million, a 147% increase, with the average award increasing from \$2,919 to \$4,569. During the same period, need-based funds increased 83% from \$12 million to \$22 million, with the average award, including public and independent institutions, increasing from \$606 to \$807.

## SC Education Lottery

### Continued Funding of Higher Education Programs with Lottery Proceeds

Below, the higher education items funded by the S.C. Education Lottery in FY 2006-07 are listed. The Commission requests continued funding of each of the existing programs and **requests an increase of \$10 million for Need-Based Grants and restoration of program funding in the amount of \$1.5 million for the Teacher Education Grants program.**

<b><u>Items Funded in Fiscal Year 2006-2007</u></b>	<b><u>Amount</u></b>
Palmetto Fellows Scholarships	\$17,830,758
LIFE Scholarships	\$87,911,636
S.C. HOPE Scholarships	\$7,144,909
Lottery Tuition Assistance Program	\$47,600,000
Need-Based Grants	\$11,246,093
SC Tuition Grants	\$7,766,604
National Guard Loan Repayment Program	\$1,700,000
Teaching Scholarship Grants	\$0
Research Centers of Economic Excellence	\$30,000,000
Technology Funds: SC Public 4-yr & 2-yr	\$12,000,000
Higher Education Excellence Enhancement Program	\$4,700,000
SC State University	<u>\$2,500,000</u>
Subtotal	\$230,400,000

### **Additional Requested Items for FY 2007-08**

<b>Increase in Need-Based Grants</b>	<b>\$10,000,000</b>
<b>Restoration of Teaching Scholarship Grants</b>	<b><u>\$1,500,000</u></b> <sup>(1)</sup>
<b>Total</b>	<b>\$241,900,000</b>

<sup>1</sup> In concert with this request, CHE requests a proviso for the Teaching Scholarship Grants Program to enable grants to candidates seeking to add certification as, or pursuing graduate degrees for, librarians, media specialists, guidance counselors, principals, and superintendents. Current provisions for this program make grants available only to classroom teachers.

### Institutional Special (Below-the-Line) Items

Each year institutions submit funding requests for projects in addition to the normal operating funds requests. These projects are referred to as below-the-line items. The projects approved for recommendation in FY 2007-08 include:

	<u><b>FY 2007-08</b></u>	<u><b>Note</b></u>
<b>Clemson University</b>		
Call Me Mister	\$1,300,000	1
Center for Optical Materials Science & Engineering Technology	\$900,000	1
<b>USC-Columbia</b>		
Palmetto Poison Center	\$250,000	1
Small Business Development Center	\$250,000	1
USC Columbia Technology Incubator	\$200,000	1
<b>MUSC</b>		
Hypertension Initiative	\$512,471	2
<b>SC State University</b>		
SC Alliance for Minority Participation	\$679,673	3
University Transportation Center	\$748,365	1

**Notes:**

- 1 – Continuing project previously funded fully or partially with non-recurring funds.  
Request continues funding at FY 2006-07 level.
- 2 – New Request
- 3 – Recurring item. Increase above base is requested.

## Statewide Ranking of Institutions' Priority One Capital Requests for 2007-08

<u>Rank</u>	<u>Institution</u>	<u>Project Name</u>	<u>Project Type</u>	<u>CIB Funds Requested</u>	<u>Actual Total Points</u>
1	Medical University of South Carolina	College of Dental Medicine	Renovation	\$ 29,700,000	197.48
2	USC - Columbia	School of Law New Building Construction	Replacement Building	\$ 20,000,000	194.65
3	College of Charleston	Expansion & Renovation of Science Facilities	Renovation	\$ 52,300,000	190.48
4	USC - Sumter	Instructional Laboratories Building Construction	Replacement Building	\$ 11,825,000	167.65
5	USC - Upstate	Information Resource Center Construction	Renovation/Replacement	\$ 16,800,000	164.16
6	Aiken Technical College	Industrial Technology Building	Replacement Building	\$ 9,037,493	163.49
7	Midlands Technical College	Engineering Laboratory/Classroom Building - Northeast Campus	Replacement Building	\$ 15,200,000	160.16
8	South Carolina State University	Whittaker Library Expansion/Renovations	Renovation/New Construction	\$ 20,000,000	156.82
9	The Citadel	Capers Hall Replacement	Renovation/Replacement	\$ 26,500,000	154.49
10	Piedmont Technical College	PTC Business/Industrial Technology Center Renovations (A,B,E,F,G)	Renovation	\$ 8,917,440	154.16
11	Clemson University	Air Quality Deficiencies & Critical Deferred Maintenance	Deferred Maintenance	\$ 10,000,000	153.16
12	Trident Technical College	Nursing Building	New Construction	\$ 6,220,000	152.16
13	Winthrop University	Library Construction	New Construction	\$ 35,000,000	150.16
14	Coastal Carolina University	R. Cathcart Smith Science Center Addition & Renovation	Renovation	\$ 45,000,000	149.83
15	Technical College of the Lowcountry	Buildings 6 & 8 Renovations	Renovation	\$ 2,107,000	145.99
16	Orangeburg-Calhoun Technical College	Automotive Training and Transportation Center	New Construction	\$ 1,040,000	140.16
17	USC - Lancaster	Campus Renovations	Renovation	\$ 4,110,000	138.83
18	USC - Salkehatchie	Walterboro Classroom Building & Science Building Renovation	Renovation/Replacement	\$ 2,442,960	135.33
19	Lander University	Jackson Library Renovation	Renovation	\$ 4,750,000	129.00
20	Francis Marion University	School of Education/School of Business Building Construction	New Construction	\$ 15,250,000	128.00
21	USC - Aiken	New Academic Building	New Construction	\$ 11,500,000	125.83
22	USC - Union	Facility Upgrades	Renovation	\$ 700,000	125.33
23	USC-Beaufort	USCB South Campus Classroom Building	New Construction	\$ 6,327,728	121.83
24	Williamsburg Technical College	Technology Building	New Construction	\$ 6,500,000	121.33
25	Spartanburg Technical College	Academic/Library Building Construction - Phase II	New Construction	\$ 9,000,000	117.83
26	Central Carolina Technical College	Health Sciences Building	Renovation	\$ 11,172,075	117.66
27	Florence-Darlington Technical College	Manufacturing Incubator Center	New Construction	\$ 2,880,000	112.83
28	Tri-County Technical College	Replace Clarke-McKissick Classroom Building - Main Campus	New Construction/Replacement	\$ 3,200,000	111.00
29	Northeastern Technical College	Campus Expansions/Renovations - Dillion Campus	Renovation/Expansion	\$ 1,000,000	86.00
30	Denmark Technical College	Renovation of Barnwell Facility	Renovation	\$ 657,567	69.83
31	Horry-Georgetown Technical College	General Purpose Classroom Building Conway	New Construction	\$ 12,000,000	62.50
32	York Technical College	Hood Center HVAC Replacement	Replacement	\$ 1,000,000	55.00
33	Greenville Technical College	Renovated Second Floor ARC for Classrooms	Renovation	\$ 4,575,000	54.00
<b>Grand Total</b>				<b>\$ 406,712,263</b>	